

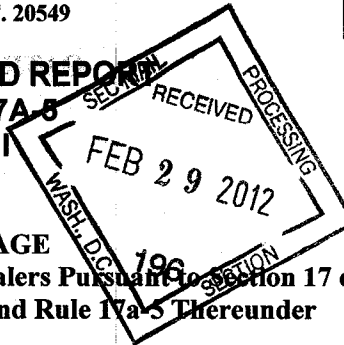


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



OMB APPROVAL
OMB Number: 3235-0123
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hours per response . . . 12.00

SEC FILE NUMBER

8-

67128

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Sandlapper Securities, LLC

OFFICIAL USE ONLY

FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

101 N. Main Street Suite 207
(City) (No. and Street)
Greenville South Carolina 29601
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Trevor Gordon (864) 679-4701
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in the Report*

Carr, Riggs & Ingram, LLC
(Name - if individual, state last, first, middle name)
1031 W. Morse Blvd., Suite 200, Winter Park, Florida 32789
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information
contained in this form are not required to respond unless the form displays
a currently valid OMB control number.

OATH OR AFFIRMATION

I, Trevor Gordon, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ~~Celadon Financial Group, LLC~~ Sandlapper Securities, LLC as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

CEO

Signature

Title

Jennifer Brooke Jones
Notary Public
my commission expires 05/26/2020
This report** contains (check all applicable boxes):

- X (a) Facing page.
- X (b) Statement of Financial Condition.
- X (c) Statement of Income (Loss).
- X (d) Statement of Changes in Financial Condition.
- X (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- X (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- X (g) Computation of Net Capital.
- X (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- X (i) Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3.
- X (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- X (l) An Oath or Affirmation.
- X (m) A copy of the SIPC Supplemental Report.
- X (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Financial Statements

Sandlapper Securities, LLC

December 31, 2011



LIMITED LIABILITY COMPANY

www.CRIcpa.com

Financial Statements

Sandlapper Securities, LLC

December 31, 2011

Independent Auditor's Report

To the Members
Sandlapper Securities, LLC
Greenville, SC

We have audited the accompanying statement of financial condition of Sandlapper Securities, LLC as of December 31, 2011, and the related statements of operations, changes in members' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sandlapper Securities, LLC as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules, computation of net capital and computation of aggregate indebtedness, as of December 31, 2011, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carr Riggs & Ingram LLC

February 28, 2012

SANDLAPPER SECURITIES, LLC
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 44,546
Commissions receivable	15,050
Deposits with clearing broker	5,514
Prepaid expenses	<u>5,784</u>
	<u><u>\$ 70,894</u></u>

LIABILITIES AND MEMBERS' EQUITY

Accounts payable	\$ 12,913
Commissions payable	18,614
Accrued salaries	<u>13,457</u>
	44,984
Members' equity	<u>25,910</u>
	<u><u>\$ 70,894</u></u>

SANDLAPPER SECURITIES, LLC

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues:

Commisson income	\$1,569,322
Other income	61,587
	<u>1,630,909</u>

Expenses:

Commissions	1,043,472
Management fees	353,675
Professional fees	53,461
Insurance	11,000
Other operating expenses	176,283
	<u>1,637,891</u>

Net loss	<u>\$ (6,982)</u>
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SANDLAPPER SECURITIES, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

Members' equity, beginning of year	\$ 27,892
Member contributions	5,000
Net loss	<u>(6,982)</u>
Members' equity, end of year	<u>\$ 25,910</u>

SANDLAPPER SECURITIES, LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:

Net loss	<u>\$ (6,982)</u>
Adjustments to reconcile net loss to net cash provided by operating activities:	
Increase in commissions receivable	(15,050)
Increase in deposits with clearing broker	(5,514)
Decrease in prepaid expenses	6,169
Increase in accounts payable	6,904
Increase in commissions payable	18,614
Increase in accrued salaries	13,457
Decrease in due to affiliate	<u>(4,427)</u>
Total adjustments	<u>20,153</u>
Net cash provided by operating activities	<u>13,171</u>

Cash flows from financing activities:

Member contributions and net cash provided by financing activities	<u>5,000</u>
Net increase in cash and cash equivalents	18,171
Cash and cash equivalents at beginning of year	<u>26,375</u>
Cash and cash equivalents at end of year	<u><u>\$ 44,546</u></u>

SANDLAPPER SECURITIES, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

1. Nature of operations and summary of significant accounting policies:

Nature of operations and organization:

Sandlapper Securities, LLC (the "Company"), which is located in Greenville, South Carolina, was organized on June 30, 2005 to act as an independent broker-dealer. The Company is registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company primarily acts as the managing broker-dealer in the syndication of private placement programs offered by Poinsett Capital Advisors, LLC ("Poinsett"), an affiliate of the Company. Also, the Company can and does at times act as a broker-dealer in programs offered by parties other than Poinsett. In 2011, the Company applied to FINRA and was approved for additional businesses to broker securities transactions for customers and for the purchase and sale of marketable securities on their behalf on a fully disclosed basis with a clearing broker.

Term of limited liability company:

The Company terminates June 30, 2055, unless sooner dissolved in accordance with the provisions of the Limited Liability Company Agreement. The Company may be continued beyond the term if all of the members consent.

Cash equivalents:

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Deposits with clearing broker:

The Company is required to maintain cash balances with a clearing agent, which is restricted as to use. As of December 31, 2011, the Company had in effect a clearing agreement with Sterne, Agee & Leach, Inc. The Company has a depository account with Sterne, Agee & Leach, Inc. in the amount of \$5,514 at December 31, 2011.

Income taxes:

The Company is classified as a partnership for Federal income tax purposes. Accordingly, no provision for income taxes is made in the financial statements of the Company. Taxable income or loss is reported in the income tax returns of its members.

Uncertain tax positions:

The Company has adopted the provisions of Financial Accounting Standards Board ("FASB ASC") No. 740, *Income Taxes*. As a result of the implementation of ASC No. 740, the Company has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Company to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefits is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense, and penalties in operating expenses as there are no unrecognized tax benefits. The tax years that remain subject to examination are the periods beginning on January 1, 2008 for all major tax jurisdictions.

SANDLAPPER SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

1. Nature of operations and summary of significant accounting policies - continued:

Uncertain tax positions - continued:

As of December 31, 2011, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Computation of customer reserve:

The Company is exempt from customer reserve requirements and providing information relating to possession or control of securities pursuant to rule 15c3-3 under the Securities Exchange Act of 1934. The Company meets the exempting provisions of Paragraph (k)(2)(i).

2. Net capital requirements:

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital at an amount equal to the greater of \$5,000 or 6 2/3% of aggregate indebtedness, and requires that the ratio of aggregate indebtedness to net capital not exceed 15 to 1.

As of December 31, 2011, the Company had excess net capital of \$15,126 and a net capital ratio of 2.24 to 1.

3. Related party transactions:

As stated in Note 1, the Company has primarily acted as the managing broker-dealer for private placements made by Poinsett Capital Advisors, LLC ("Poinsett") and TSWR Fund Management ("TSWR"). Therefore, the majority of the commission income recorded by the Company is earned from Poinsett or TSWR. The Company earned \$1,004,921 of commission income from Poinsett for the year ended December 31, 2011, and incurred expense of \$5,688 in marketing allowance during the same period. The Company earned \$81,829 of commission income from TSWR for the year ended December 31, 2011.

The Company pays TIC Properties, an affiliate, for certain overhead expenses. The overhead expense represents reimbursement for the costs associated with office space, telephone and other related expenses. The Company paid \$7,300 to TIC Properties for overhead expense for the year ended December 31, 2011.

SANDLAPPER SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

4. Liability subordinated to the claims of creditors:

None of the Company's liabilities have been subordinated to the claims of general creditors at December 31, 2011.

5. Supplementary disclosures of cash flow information:

Cash was paid during the year for:

Interest	\$ <u> </u> -
Income taxes	\$ <u> </u> -

6. Subsequent events:

Subsequent events were evaluated through the date the financial statements were available to be issued. The financial statements were approved and authorized for issue by management on February 28, 2012.

SUPPLEMENTARY INFORMATION

SANDLAPPER SECURITIES, LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2011

Net capital	
Total members' equity	\$ 25,910
Deductions:	
Non-allowable assets:	
Prepaid expenses	<u>(5,784)</u>
Net capital	<u>\$ 20,126</u>
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2011)	
Net capital, as reported in Company's Part II FOCUS report	\$ 41,717
Adjustments:	
Net audit adjustments to commissions receivable and payable	(21,592)
Rounding	<u>1</u>
	<u>\$ 20,126</u>

SANDLAPPER SECURITIES, LLC

COMPUTATION OF AGGREGATE INDEBTEDNESS UNDER
RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2011

Accounts payable	\$ 12,913
Commissions payable	18,614
Accrued salaries	<u>13,457</u>
	<u>\$ 44,984</u>
Ratio of aggregate indebtedness to net capital	<u>2.24 to 1</u>

Independent Auditor's Report
On Internal Control Required By SEC Rule 17a-5

To the Members
Sandlapper Securities, LLC
Greenville, SC

In planning and performing our audit of the financial statements and supplemental schedules of Sandlapper Securities, LLC, (the "Company") as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, (the "SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance, that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. However, we identified the following deficiency in internal control that we consider to be a material weakness, as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures performed in our audit of the financial statements of Sandlapper Securities, LLC as of and for the year ended December 31, 2011, and this report does not affect our report thereon dated February 28, 2012.

Recording of commissions payable, commissions receivable, and accrued salaries

It was noted during our audit that the Company did not accrue commissions receivable and corresponding commissions payable for a transaction that occurred near year end. In addition, an accrual was not made for payroll amounts relative to services rendered prior to year end. It is the responsibility of management to record all transactions occurring within the Company. These transactions are significant for a fair presentation of the Company's financial position and operating results.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives, except as noted above.

This report is intended solely for the information and use of the members, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Carrie Ruggs & Shannon LLC

February 28, 2012

Independent Accountant's Report on Applying
Agreed-Upon Procedures Required by SEC Rule 17a-5(e)(4)

To the Members
Sandlapper Securities, LLC
Greenville, SC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation ("SIPC") for the year ended December 31, 2011, which were agreed to by Sandlapper Securities, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Sandlapper Securities, LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Sandlapper Securities, LLC's management is responsible for Sandlapper Securities, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

1. Compared the listed assessment payment in the Form SIPC-7 with respective cash disbursement records entries (copies of the checks payable and general ledger) noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in the Form SIPC-7 for the year ended December 31, 2011 noting small differences in total revenues and expenses. However, these differences resulted in a \$7 adjustment in the SIPC assessment;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences. There was no overpayment noted.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion, on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties above and is not intended to be and should not be used by anyone other than those specified parties.

Carr, Riggs & Ingram LLC

February 28, 2011

SIPC-7

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

General Assessment Reconciliation**SIPC-7**

(33-REV 7/10)

For the fiscal year ended 12-31, 20 11

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

067128 FINRA DEC
 SANDLAPPER SECURITIES LLC 16*16
 101 N MAIN ST STE 207
 GREENVILLE SC 29601-4851

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

2. A. General Assessment (item 2e from page 2)

\$ 2464

B. Less payment made with SIPC-6 filed (exclude interest)

(365)7/28/11

Date Paid

C. Less prior overpayment applied

()

D. Assessment balance due or (overpayment)

2099E. Interest computed on late payment (see instruction E) for days at 20% per annum

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 2099

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC
 Total (must be same as F above)

\$ 2099

H. Overpayment carried forward

\$()

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Sandlapper Securities LLC
 (Name of Corporation, Partnership or other organization)
[Signature]
 (Authorized Signature)
CEO
 (Title)

Dated the 16 day of February, 20 12.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates:

Postmarked

Received

Reviewed

Calculations

Documentation

Forward Copy

Exceptions:

Disposition of exceptions:

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning 01/01, 2011
and ending 12/31, 2011

Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 1,712,161

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ _____

- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ _____

Enter the greater of line (i) or (ii)

Total deductions

d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

726,632
\$ 985,529
\$ 2,464
(to page 1, line 2.A.)